



**The Citizens Network for Foreign Affairs
and
U.S. Agency for International Development**

**GUIDELINES FOR APPLICATION
AGRIBUSINESS PARTNERSHIPS II**

The CNFA Agribusiness Partnerships II Program is supported by the United States Agency for International Development (USAID), and the Citizens Network Agribusiness Alliance (CNAA): a consortium of U.S. food companies, agribusinesses, farm bureaus, trade associations, universities and other groups committed to support worldwide development.

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September
1997

"A New Era in Public-Private Sector Partnership"

**The Citizens Network for Foreign Affairs
and
U.S. Agency for International Development**

GUIDELINES FOR APPLICATION

AGRIBUSINESS PARTNERSHIPS II

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I. AGRIBUSINESS PARTNERSHIPS II (AP II) OVERVIEW

Purpose: To advance the emergence and development of private, diversified, market-driven food and agricultural systems in Ukraine, Moldova and Belarus by empowering private farmers and entrepreneurs.

Background: Since 1993 the Citizens Network for Foreign Affairs (CNFA) has managed the Agribusiness Partnership Program, formerly known as the Food Systems Restructuring Program, to help build private sector agricultural systems in the former Soviet Union. In a unique public-private sector partnership, the program leverages \$116 million in resources and investment from US agribusinesses with a \$30 million grant from the US Agency for International Development (USAID). Through this program, 16 private sector agribusiness projects were funded by USAID. Each project agreed to undertake additional development activities beyond the core business. As a result, markets for US agricultural inputs are increasing and hundreds of farmers are increasing production and incomes on 500,000 acres of farm land.

On September 3, 1996, CNFA and USAID signed a three-year Cooperative Agreement to begin Phase 2 of the Agribusiness Partnerships Program (AP II) which will expand the impact of the original program in Ukraine, Moldova and Belarus.

AP II Underlying Principles: Fundamentally, the AP II program is designed to foster the development of a set of private sector WNIS small businesses and micro-enterprises which will be alternatives to state owned firms. These WNIS businesses together will produce important sectoral results and thereby lead the development of restructured, market-driven, effective food systems for the WNIS countries.

The underlying principles which will govern the AP II Program are:

- **LEVERAGING:** Modest USAID development funds will be leveraged to generate a significant increase in the level of private sector investment capital, management, technology and training flowing into WNIS businesses and food systems to produce important micro and macro results.
- **ADDITIONALITY:** Development activities and results will be expanded and accelerated rapidly as AP II development contractors move beyond their normal core business activities to identify, organize and implement specific, additional and/or complementary activities which address the many critical upstream (back to the producer) and downstream (down to the consumer) blockages that exist today in WNIS food systems. This AP II generated additionality will increase and quicken the change toward a more efficient, market-oriented food system for the WNIS.
- **SUSTAINABILITY:** Development contractors, by working directly with local WNIS partner businesses and farmers, will promote and strengthen those entities so that

the activities initiated under AP II are sustainable. Strengthening firms and farms so that they become more demand-driven and sensitive to market forces will ensure the sustainability of these AP II activities far beyond the life of the AP II Development Contract after USAID involvement has ended.

- **BOTTOM-LINE RESULTS:** Significant, measurable results will be demonstrated and reported to CNFA on a quarterly basis. Among the illustrative positive results expected are: increased revenues for WNIS farms and agribusinesses; more efficient, productive and environmentally sustainable agricultural production and marketing; increased availability of high-quality, cost effective, processed food products for WNIS families and for export; policy reforms which create a better business environment; and the creation of new jobs.
- **DIVERSIFIED PRIVATE SECTOR IMPACT:** Technical assistance, training and other activities directed toward private, local farmers and private, local agribusinesses of all sizes will support and promote competition and efficiency in the marketing chain. Existing business and farms will expand and new enterprises may be created as a result of AP II activities.

The AP II Program: The principal operational mechanism of AP II will be Development Contracts under which eligible US or WNIS agribusinesses agree to undertake a program of significant development activities with local partners, such as local private farmers or local agribusinesses. The development activities funded by USAID through the CNFA must be beyond the core business operation of the eligible US or WNIS firms currently in place or projected to be started in the Western Newly Independent States (WNIS) of Ukraine, Moldova or Belarus and the activities must produce significant results in the WNIS food system. The Development Contracts will not pay for normal core business operations.

These Development Contracts will be awarded for:

1. agricultural input supply, technology transfer and commodity marketing such as through regional Farm Service Centers;
2. transportation, storage and distribution projects; and
3. agro-processing and trade projects.

Currently, the maximum amount for a Development Contract is US \$500,000.

The Development Contract will be executed for a period of time mutually agreed upon between CNFA and the agribusiness, within the period of September 1996 - August 12, 1999.

CNFA encourages agribusiness of all sizes to become AP II development contractors and to respond quickly to our Request For Applications (RFA). We urge all US and WNIS agribusinesses working in the WNIS to read these AP II guidelines and to consider seriously participating in this new important program. **CNFA staff in Ukraine, Moldova and Washington, D.C. will be glad to assist you in the AP II application process.**

II. AP II SUPPORT FOR AGRIBUSINESS DEVELOPMENT

AP II projects funded by USAID, through CNFA, will promote economic restructuring, development and reform in the WNIS, principally Ukraine with a secondary focus in Moldova or Belarus, in the following areas:

- **Agricultural Input Supply, Technology and Markets (Farm Service Centers);**
- **Transport, Storage and Distribution; and**
- **Developing Commercial, Private Agro-Processing Enterprises and Trade.**

A. Farm Service Centers

AP II will support the development of fully operational, privately owned and operated **Farm Service Centers** in Ukraine and Moldova.

Each enterprise will serve as the hub of a network of satellite centers and technical outreach activities. These enterprises will provide an alternative to the old system of state monopolies by providing real and accessible alternatives for emerging private farmers and agricultural entrepreneurs.

The Farm Service Centers are designed to provide WNIS farmers with:

- access to **world class technology and inputs**, including seeds, crop protection supplies, equipment, improved animal genetics and other needed inputs;
- **financing** for the purchase of such inputs;
- access to **local and international markets** through which to sell their products for a fair price;
- **technical assistance**, training and business management services to increase farmers' agricultural productivity and improve management and profitability; and
- demonstrate new, more **environmentally sound** crop protection management technologies.

Each enterprise will be designed and operated as a private, profit-oriented business owned by a WNIS and/or US participant and managed by experienced Western managers and/or WNIS counterparts. They will combine many of the functions performed in the US and in other countries by feed mills, local grain elevators, input dealers, and farmer-owned supply and marketing cooperatives.

At a minimum, AP II Farm Service Centers must provide, as core activities, a package of agricultural inputs and financial services for purchase, along with strong technical assistance, training and extension services. Depending on the region and the specialization of the agribusiness firms involved, Farm Service Centers also will provide a range of other supplementary services, for example, value-added processing, storage facilities, equipment maintenance and leasing, custom services or dealer networks.

As sources of advanced Western technology, the enterprises will catalyze dramatic improvements in yield and quality, the introduction of no-till and other conservation farming methods, increased efficiency in fertilizer and crop protection product use and major savings resulting from decreased fuel consumption. In AP II, these enterprises could provide new services; those with a livestock focus, for example, could provide core support to farmers to improve animal genetics, veterinary services, livestock feed and technical assistance, along with other services such as feed milling, packaging and marketing.

The technical assistance, credit, input and marketing services provided by the Farm Service Centers must be provided to farms and firms of varying size. Each Farm Service Center application should clearly outline a strategy that would support privatized farms, including relatively small farms (20-25 hectares) that need credit and access to other inputs to succeed as independent private farmers and to serve as models for future privatization and private farming in Ukraine.

B. Transport, Storage and Distribution

AP II will also support the development of agribusiness partnerships that support privatization in distribution, storage and transportation. US or WNIS agribusinesses and their local partner firms may be able to address bottlenecks in commodity transportation by emphasizing the cost effective use of existing river and other transport resources. Well managed storage facilities for agricultural commodities, equipment, inputs and processed foods are also needed in the WNIS and privatization can bring more efficiency to storage and distribution activities. Finally, communication of market price information is also critical for increasing efficiency. Applications for Development Contracts that support the privatization of transport and improved communication systems will also be considered.

C. Developing Commercial, Private Agro-Processing Enterprises and Trade

AP II will support the development of privately owned and operated agro-processing and packaging enterprises in Ukraine, Moldova or Belarus. A market is developing for the production and sale of manufacturing materials, equipment and turn-key processing and packaging systems for the food industry, such as baby food packaging and for other locally canned or glass-container products. Animal feed is another particularly critical post-harvest intervention that can improve the livestock sector in today's WNIS countries. Investments to improve the mix of ingredients in animal feed, principally by adding protein, vitamins, and amino acids, could change dramatically the prevailing circumstances under which grain is used inefficiently as a carbohydrate source of

livestock feed.

Dairy, poultry, and livestock enterprises have the potential to support "value-added" industries in processing and packaging, and agribusiness partnerships may establish market linkages needed to upgrade the standards of production and processing in order for this industry to compete in regional and world markets. Similarly, the fruit and vegetable sector has a significant potential to attract partnerships in vertically-integrated food processing of branded products for regional marketing. Such enterprises will introduce new crop varieties, provide farmers with the appropriate package of production services, training and technical assistance, and provide reliable marketing services.

Enterprises assisted under this program will work with farms of varying forms of organizational structure and ownership. However, it is expected that such enterprises will propose special innovative mechanisms for involving private farmers, for example in sourcing raw material and assisting them in marketing and distribution of their products.

III. GUIDING PRINCIPLES FOR DEVELOPMENT CONTRACTS

A. Development Contract Description and Limitations

The AP II Development Contracts will be made with eligible US and WNIS agribusiness firms to perform specific development activities which will have significant and measurable results. Development Contracts will not fund core business activities. Instead, the development contract will help finance complementary and/or additional activities which are implemented with local, private sector partners. These complementary and/or additional activities will accelerate and/or increase the impact of the core business project on the WNIS food system. AP II development contracts will emphasize activities which address the **upstream (back to the producer) or downstream (down to the consumer) blockages** in the food systems.

AP II Development Contract funds will be directed to **training, technical assistance and other activities which develop human resources and the capabilities** of local, private food and agricultural enterprises.

AP II funds **can be used** to support:

1. Managerial and technical staff salaries, fringe benefits and travel that target and implement the Development Contract activities;
2. In-country, on-the-job, hands-on technical assistance, education, training and training supplies and related functions for local partners in a wide variety of areas such as food systems technical subjects, financing, management skills, marketing, accounting, understanding of market systems, farm and business planning and many other areas, as appropriate and needed for the operation of successful business enterprises;
3. Administrative staff involved in accounting and reporting functions related to the Development Contract;
4. Executive consultation for key WNIS leaders and entrepreneurs under sponsorship of the U.S. agribusiness partner; and,
5. Essential and critical equipment, subject to the following restrictions: The equipment is required for local training and demonstration purposes, but for which the cost cannot exceed 20% of the total Development Contract. Title of such equipment will be retained by CNFA subject to successful completion of the project.

AP II funds **cannot be used** for the following purposes:

1. Normal core business expenses, including staff, infrastructure, overhead, travel and meetings, office expenses, etc., that are not directly and specifically related to the Development Contract activities;
2. Activities solely dedicated to increasing production or yields;
3. Activities solely dedicated to the sale of U.S. equipment or commodities;
4. Capitalization of credit facilities;
5. Large-scale capital investments in buildings or heavy equipment;
6. Support of US or European or non-locally based board members, managerial or business operations or sales or marketing staff; and
7. No profit or fees are payable under this program.

B. Cost-Sharing Requirement

All AP II Development Contract activities will be financed on a cost-sharing basis by the agribusiness applicant and, where appropriate, by the WNIS partner enterprise. Priority will be given to applications which fully meet program objectives, goals and guidelines and demonstrate a real and substantial financial commitment and investment on the part of the US or WNIS applicant and its WNIS partners. Careful scrutiny will be given to both the quantity and the quality of the cost-sharing component of the proposed project budget.

The terms of the AP II Cooperative Agreement require that USAID funds be matched by US or WNIS applicant private agribusiness expenditures for Development Contract activities at a minimum ratio of 2.5 to 1. In other words, for every one dollar of USAID funds requested, AP II Development Contract applicants must demonstrate the ability and commitment to match each \$1.00 from USAID through CNFA with at least \$2.50 of its own.

Matching expenditures may be in cash or in kind and may include staff salaries, travel, equipment purchases and other expenses related to in-country project activities. Development Contract

applications must clearly identify all critical sources of funding for the business project, and specify whether such funds are in-hand, committed or subject to future financing commitments, earnings or investments. Documentation must be submitted that clearly establishes and verifies the match requirement in accordance with generally accepted accounting principles.

Note that the matching expenditure requirement cannot be satisfied through WNIS partner expenditures in the project, although the WNIS partner commitment is important and enhances the application.

Pre-award investment may be considered as part of the required matching funds subject to the following restrictions:

- Cannot exceed 20% of the U.S. applicant match;
- Must have been made within the previous 12 months from the date of the application;
- Must be clearly linked to the specific business project supported by AP II funds; and,
- Must be fully documented.

The U.S. Government has established the criteria for private sector contributions to federally funded activities. The criteria for acceptance of and allowability for non-federal contributions are set forth in OMB Circular A-133, Attachment E, which is available either at the CNFA field office, CNFA headquarters or directly from the U.S. Government Printing Office, Superintendent of Documents, Washington, D.C. 20402, or, Publications, OMB, New Executive Office Building, Room G-236, Washington, D.C. 20503.

IV. APPLICATION PREPARATION AND SUBMISSION GUIDELINES

The AP II application for a development contract should identify:

1. the normal core business project or activities;
2. the additional and/or complimentary development activities to be undertaken through the life of AP II Development Contract;
3. the local partner(s);
4. the nature and extent of the relationship between the US or WNIS applicant agribusiness and local partner(s); and,
5. The amounts of funds each party is investing in the development contract activities.

Applications for a Development Contract must also:

- Be prepared in two parts, (1) a Technical Proposal and (2) a Cost Proposal, submitted together;
- Conform to the formats set forth in these Guidelines, Attachments 1 and 2;
- Provide clear, detailed, complete and documented information;
- Include a business plan, marketing analysis and other relevant reports;
- Include completed Applicant Information form and Certification, Assurances and Other Statements of Applicant form (Attachment 3 and 4), and;
- Provide sufficient information to address the evaluation criteria in Section V (below).

Relevant Attachments to the application, such as detailed training and technical assistance plans and schedules, specific staff responsibilities and job locations, back data and information and letters of commitment from proposed WNIS partner enterprises, and other relevant attachments, may be included with the Technical Proposal. Applicants are urged to keep such attachments to the minimum necessary for fair and full evaluation of proposed projects.

A. Technical Proposal

The Technical Proposal should be organized according to the format set forth in Attachment 1 to these guidelines. The Technical Proposal should describe in detail the normal core business operations currently in place or projected in the WNIS, and the proposed additional developmental activities which are to be undertaken with the AP II funding. The Technical Proposal should clearly articulate the relationship of the proposed AP II activity to the core agribusiness activities and to AP II general program priorities. The Technical Proposal should be approximately 25 pages in single spaced format, printed only on one side.

B. Cost Proposal/Budget

The budget should include sufficient detail and clear, easily understood explanatory notes to facilitate a complete understanding, review and analysis of the proposed development activities. The budget should conform to the format contained in Attachment 2, indicating clearly which costs are to be funded by USAID, which costs are covered by the applicant, which costs are funded by the WNIS partner, and what other costs (if any) are covered by any other US Government department or agency or other source. Note that, pursuant to OMB regulations, US Government funds cannot be counted as part of the applicant's cost-sharing component.

The budget should be constructed based on the following guidelines:

- Funds may be requested for a project of any length of time so long as it can be completed within the AP-2 program period of September 1996 - August 12, 1999;
- Salaries and related expenses of an employee based in the U.S. may be reimbursed by AP II funds only if such an employee is hired for the primary purpose of tracking, reporting or handling financial transactions directly related to the project. A completed Contractor Employee Biographical Data Sheet must be completed for all individuals proposed under this activity (see Attachment 2);
- Senior management based in the US, Europe, or Russia cannot be reimbursed for their activities or involvement with the project. However, such activity can be credited toward the corporate matching requirement;
- A full-time Western project manager must be part of the on-site management team, and his/her expenses are eligible for partial AP II reimbursement; and,
- In determining the cost-share of employee salaries, benefits and related expenses among USAID and applicant company columns in the proposed budget, the applicant should apportion the cost based on the proportional involvement of the employee in the project.

Applicants should be conscientious about minimizing their administrative and support costs and maximizing the funds available for additional and direct project development activities.

Applications with minimal administrative and support costs may be deemed by CNFA and USAID to offer greater value than those requesting reimbursement of high administrative and support costs.

C. Required Attachments and Certifications

Applicants should provide with their application:

1. A completed and signed US Government Bio Data Sheet (a blank form in Attachment 2) for each of the key people proposed to be paid under the development contract, including both staff members and consultants.
2. A copy of the most current available Annual Report, including, where possible, the most recent audited financial statements.

Applicants whose application has been approved by CNFA and will enter into APII Development Contracts are required to complete, sign and submit to CNFA the following:

1. Applicant Information Form: This provides CNFA with critical information regarding the Applicant's organization (a blank form in Attachment 3).
2. Certification, Assurances and Other Statements of Applicant form: All U.S. organizations or institutions which are recipients of AID assistance are subject to U.S. federal laws and AID regulations. Applicants who enter into APII Development Contracts with CNFA are required to certify that they will adhere to certain laws and regulations as a condition of the grant. Assurances which are required are described and provided in Attachment 4.

Copies of these certifications are available at CNFA field offices and headquarters.

D. Confidentiality

Applicants which include data in their applications that they do not want disclosed to the public or used except for evaluation purposes, should indicate this as follows:

1. Mark the title page with the following statement:

"This application includes data that shall not be disclosed outside The Citizens Network for Foreign Affairs and the US Government and shall not be duplicated, used or disclosed - in whole or in part - for any purpose other than to evaluate this application. If, however, a development contract is awarded to this applicant as a result of - or in connection with - the submission of this data, The Citizens Network and the US Government shall have the right to duplicate, use or disclose

the data to the extent provided in the resulting development contract. This restriction does not limit the right of The Citizens Network or the US Government to use information contained in this data if it is obtained from another source without restriction. The data subject to this restriction are contained in sheets [insert number or other identification of sheets]"; and

2. Mark each sheet of data it wishes to restrict with the following statement:

"Use or disclosure of data contained on this sheet is subject to the restriction on the title page of this application."

E. Application Submission Procedure

Application submissions must contain the cover sheet (Attachment 1) and follow the format described in Attachment 2. Technical and Cost Proposals may be submitted as one document, with each section clearly marked. Any annexes should be clearly marked and referenced in the body of the application. All pages should be consequently numbered.

One UNBOUND original, and six (6) copies of the application, along with one executed set of required attachments and certifications should be submitted either to the CNFA field offices in Ukraine or Moldova or to CNFA headquarters in Washington, D.C. **Faxed applications will not be accepted.** Applications in Ukraine or Moldova should be submitted to:

Thomas J. Herlehy, Ph.D.
Deputy Director
Agribusiness Partnerships II Program
The Citizens Network for Foreign Affairs
Lesya Ukrainka Blvd., Bldg 26, Fifth Floor
Kiev 252133
Ukraine
ATTN: AP II Application

Gerald D. Bahensky
Country Director
Agribusiness Partnerships II Program
The Citizens Network for Foreign Affairs
121/A, 31 August str.
Chisinau 277012
Moldova
ATTN: AP II Application

Applications submitted in Washington, D.C. should be sent to:

The Citizens Network for Foreign Affairs
1111 19th Street, N.W., Suite 900
Washington, D.C. 20036
ATTN: AP II Application (Ukraine or Moldova)

CNFA encourages applicants to seek field staff assistance during the development of the application in order to minimize the number of revisions which may be necessary before the application can be considered for funding approval.

V. APPLICATION REVIEW AND EVALUATION CRITERIA

Applications for AP II Development Contracts will be critically reviewed by CNFA and USAID based on the information and documentation submitted by the agribusiness applicant. The following six specific categories of criteria will be used to evaluate the application and should be addressed in the technical application and in the budget.

A. PROJECT DESIGN AND FEASIBILITY

1. The potential of the project to **successfully reach the development objectives** outlined in the development contract;
2. The degree to which AP II Development Contract funds are designed to **produce significant additional upstream (Back to the producer) or downstream (back to the consumer) impacts**, in contrast with normal core business functions and impacts;
3. A clear and detailed description of how the development contract will provide effective **training, technical assistance and other efforts to develop human resources**;
4. The **geographic focus** of the proposed project and its relevance to food needs for substantial elements of the population of the WNIS, with a particular focus on populations made vulnerable by economic, political and social dislocation;
5. A business plan that demonstrates **financial viability and sustainability** in the short and long term, independent of USAID funding;
6. The extent to which the project introduces **innovative and potentially replicable approaches** to meet critical food systems challenges, and the extent to which the project can provide a beneficial demonstration effect for the emerging market economy;
7. The **participation and involvement** of other small, medium and large American and WNIS agribusiness participants with complementary skills and interests; and,
8. The **synergy and complementarity** of the Development Contract activities with USAID and other agricultural development activities in the WNIS.

B. DEVELOPMENT IMPACT

1. The degree to which **private farms and small firms** are targeted for, and have access to the technical assistance and other support offered through the Farm Service Centers and other Agribusiness Partnership projects;
2. The potential of the project to make an **immediate, substantial and measurable** impact on the development and functioning of a **private**, market-driven food system in the WNIS;
3. The extent to which the project has the potential to foster **private sector alternatives** in agricultural credit, inputs and technology; value-added processing, packaging, storage, transportation and distribution; and link WNIS farmers and producers to domestic and world markets;
4. The extent to which **specific impacts** result from, and can be demonstrated through the development activities funded, including increased net farm income; more efficient, higher quality, and more diversified food and feed products; and increased private sector business opportunities and jobs.
5. The extent to which the activities will make a positive contribution to **environmental practices and conditions** relating to air, water, agriculture, food and industrial activity in the WNIS; and
6. The extent to which the project highlights, contributes to and influences important **policy issues** which may be addressed by local, regional, and national policy makers in the WNIS in order to further the transition to a market economy.

C. PRIVATE SECTOR COST-SHARING AND ADDITIONALITY

1. The **degree of cost-sharing** and ratio of public to private funds. The agribusiness development contractor must expend at least \$2.50 for every \$1.00 of USAID development funds;
2. The **quality of cost-sharing**, including the proportion of cash to in-kind investment, the proportion of new to existing investment, and the extent to which cost-sharing investments are already in hand or committed;
3. The degree and quality of **investment by the WNIS partner**; and
4. The **appropriate and effective use** of USAID development funds to carry out the additional activities detailed in the development contract.

D. PRIVATE SECTOR LOCAL PARTNER ENTERPRISES

1. The **strength, capacity and potential of the proposed partner(s)** in the WNIS, including the degree to which they represent **genuinely private enterprises** or are substantially engaged in the process of true privatization;
2. The demonstrated **commitment of the WNIS partner** to the proposed project;
3. The strength, substance and tenure of **the relationship between the US applicant and its WNIS partner**;
4. The **nature, ownership status and viability** of the WNIS partner enterprise; and
5. The direct and positive impact of the project on developing the **technical and agribusiness management capacities** of the partner.

E. CAPACITY AND COMMITMENT OF APPLICANT

1. The **track record** and demonstrated commitment of the applicant to working in the WNIS, as demonstrated by current, on-the-ground involvement, substantial investment and successful operations;
2. The **technical and managerial capacity** of the applicant to successfully carry out project implementation on a timely basis, and to produce the targeted additional developmental impacts;
3. The strength and depth of the applicant's in-country and headquarters **management team** and projected staffing structure;
4. The provision for appropriate field and headquarters **project monitoring, accounting and reporting systems** and staff; and,
5. The size of the company; **priority** will be given to small and medium size U.S. agribusiness applicants (who with their WNIS partners) otherwise satisfy the criteria stated above.

F. FINANCIAL ISSUES

1. The capacity and willingness of the applicant to comply with all appropriate standards and procedures for financial and programmatic accountability in the use and **stewardship of U.S. Government funds**.

This includes all applicable performance and financial reporting requirements, as well as other applicable standards and regulations, including but not limited to those relating to procurement practices, environmental regulations, and the prohibition against using US Government funds to induce relocation of American jobs overseas, per Section 538 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act of 1997.

2. The extent to which the proposed budget is **reasonable, complete and fully documented** in accordance with CNFA and USAID requirements;
3. The degree to which the budget demonstrates a clear and **direct relationship between the development impacts** to result from the project, and the **proposed use of USAID development funds**;
4. The extent to which proposed **expenditures are appropriate, allowable and allocable** under AP II program guidelines and are not used to support normal core business expenses;
5. The allocation of resources to **technical assistance and human capacity-building** rather, than on the purchase and transfer of equipment, commodities or capital items; and,
6. The general **financial strength of the applicant**, including its ability to actually make the private expenditures set forth in the application as its cost-sharing component, and its ability to withstand the financial impact of delays in implementation and earnings due to changing economic and market conditions, and other potential setbacks.

VI. APPLICATION APPROVAL PROCESS

The Citizens Network for Foreign Affairs (CNFA) is responsible for evaluating all applications submitted for consideration under this program before passing them to the USAID/Kiev office for final approval. During the course of review, applicants may be asked to clarify or revise information in their Technical or Cost Proposals and may need to provide additional details on training or other components. Final approval of the AP II applications will require USAID/Kiev concurrence.

Approved AP II applications will be awarded Development Contracts. Each Development Contract will specify the level, terms and conditions of the development activities and will be signed by CNFA and the successful applicant. Awards will be based on multi-year programs, with funding to be obligated on an annual basis, subject to compliance with Development Contract terms, previous satisfactory performance and the availability of funds. The effective date of Development Contract is the date of the last signature of CNFA or Subcontractor.

Development Contracts will include audit, accounting and financial reporting provisions sufficient to permit full assurances of compliance with all applicable US Government standards and regulations. For example, applicants should be aware that USAID through CNFA will expect quarterly reports from the development contractors, with up-to-date information on expenditures as well as information tracking technical progress toward meeting the end results or impact indicators.

Development Contracts also will include a provision regarding conflicts of interest such as a situation, relationship or interest of the applicant which may be contrary to those of CNFA, in competition with CNFA or involve a financial relationship, current or potential, with CNFA or one of its employees, officers, directors or representatives.

Applicants should be aware that the US Government Mandatory Standard Provisions and Additional Standard Provisions for US Nongovernmental Grantees and certain provisions under the 22 Code of Federal Regulations (CFR) Part 226 which apply to CNFA, will also apply to all Development Contractors. In addition, Part 31 of the Federal Acquisition Regulation (FAR) will also be applicable to each development contract. Applicants should be aware that the US Government Mandatory Standard Provisions and Additional Standard Provisions for US Nongovernmental Grantees and certain provisions under the 22 CFR Part 226 which apply to CNFA, will also apply to all Development Contractors. In addition, Part 31 of the Federal Acquisition Regulation (FAR) will also be applicable to each development contract.

In addition to a list of Standard Provisions, two special provisions will be applicable to all Development Contracts awarded under this Cooperative Agreement. One such special provision relates to environmental regulations (22 CFR 216) and the other relates to activities having the

effect of reducing the number of jobs in the US (USAID Implementation of Section 538, P.L.182-391).

The list of Mandatory Standard Provisions follows:

1. Ineligible Countries (May 1986)
2. Nondiscrimination (May 1986)
3. US Officials Not to Benefit (November 1985)
4. Investment Promotion (January 1994)
5. Non-liability (November 1985)
6. Amendment (November 1985)
7. Notices (November 1985)
8. Standards for USAID-Funded Publications
9. Standards for USAID-Funded Video Productions

From the list of Additional Standard Provisions for US Nongovernmental Grantees (Recipients), the following are relevant to development contractors:

2. International Air Travel and Transportation (December 1995)
3. Ocean Shipment of Goods (August 1992)
4. USAID Eligibility Rules for Goods and Services (August 1992)
5. Sub-agreements (February 1995)
6. Local Cost Financing (June 1993)
8. Publications (August 1992)
12. Regulations Governing Employees (June 1993)
20. Public Notices (August 1992)

From the 22 Code of Federal Regulations (CFR) Part 226, the following are relevant to development contractors:

- | | |
|-----------|--------------------------------------|
| 226.23 | Cost Sharing or Matching |
| 226.25 | Revision of Budget and Program Plans |
| 226.40-48 | Procurement Standards |
| 226.50-53 | Reports and Records |
| 226.70-73 | Close-out Procedures |
| 226.90 | Disputes |

AP II

ATTACHMENT 1: APPLICATION COVER PAGE

(1 page only)

1. Name and U.S. address of Applicant
2. Agribusiness Project Title
3. Core business activities:
4. Additional/complementary development activities undertaken by Development Contract:
5. Geographical Location(s) (*Country/Oblast/Rayon*)
6. Type of Program Enterprise (*see Section II of these guidelines*)
7. WNIS Partner Enterprise(s)
8. Financial Inputs (in USD\$)
 - a. USAID
 - b. US Firm (specify any pre-award investment)
 - c. WNIS Partner(s) (specify any pre-award investment)
 - d. Other
 - e. Total
9. Project Term (*number of months*)
10. Contact Person (*Name, title, address, telephone and fax number*)

ATTACHMENT 2: TECHNICAL APPLICATION FORMAT

I. TECHNICAL APPLICATION

A. Executive Summary of Core Business and Projected AP II Development Activities and Impacts

A clear summary description of the food system problems you are addressing in WNIS, your present core and projected core private business activities, the projected additional development activities you propose under AP II, and the projected impact of both your core business and the AP II development activities.

B. Background/Problem Statement

A brief outline of the problem(s) which the applicant's core business project is and will address. A brief outline of problem(s) which the applicant's proposed AP II development activities will address.

The statement must demonstrate a sophisticated understanding of tough current and projected problems, conditions, and food chain blockages in the proposed project areas and one's ability to deal with them effectively as outlined in the application.

C. Applicant's Worldwide Business Capacity and Specific Experience in WNIS

A brief outline of the applicant's business such as years in business, types of business operations, volume of sales, countries operated in, number of employees and other data that will explain present operations worldwide.

A brief outline of the applicant's specific on-the-ground experience in the WNIS countries.

D. Business Plan For Applicants Existing and Projected CORE Business Operations In A WNIS Country

A clear and detailed business plan which describes the past, current and projected (over life of AP II Development Contract-Up) normal core business activities of the US agribusiness applicant in the WNIS country which will benefit for the development contract, including experience with WNIS partners, level of investment and expenditures, financing, problems encountered, experience with the business environment, micro and macro results to date of business activity, etc. Describe the on the ground infrastructure, personnel, offices, home office backup, etc.

Include a clear, detailed complete business plan (including business activities, management, and implementation, etc.) for the core business over the life of the AP II Development Contract. Do not include in this section any of the projected activities under a Development Contract.

This section is for the core business activities which have been and are projected independent of an AP II Development Contract. The business plan for the ongoing business must show the business to have a life of its own and be sustainable without an AP II Development Contract.

This should include a profit and loss statement that demonstrates that the enterprise will continue to function at the completion of the Development Contract. The inputs and outputs of the business operation and a description of the terms of trade, including the contractual relationships with suppliers and customers should be described. A marketing study or analysis will provide further indication of the viability of the business operations.

This section should clearly detail the present and projected financing of your core business. Are financing plans complete and approved by lenders or are they still under review? What financing plans could be implemented in case the project encounters difficulty in the tough business environment and falls behind schedule, does not meet projected earnings estimates, etc.

E. AP II Development Contract Purpose

A brief but detailed, clear, description of what the applicant proposes to do and accomplish if awarded an AP II Development Contract. The additional targeted set of development activities on-the-ground in a WNIS country which will be undertaken and which will address directly and effectively the upstream (production) and downstream (consumption) blockages in the food system. (A business plan and implementation plan is asked for in the next section).

Describe how AP II funds will enable important developmental work to be accomplished that would not otherwise be done, or could not be done as quickly, effectively, or on such a broad scale, etc.

Describe how the projected development activities spring from, fit with, tie to and leverage from the core business activities. Where are the two complementary? How do your core business activities enable you to undertake effectively and quickly the projected development activities.

F. Business Plan For Activities, Management and Implementation of AP II Development Contract

A detailed, clear, complete narrative description of the business plan which shows the development activities planned in the Development Contract, shows how they will be managed and implemented, including the responsible parties in the applicant's business and local partners and potential impediments.

Clearly show who the beneficiaries of the development activities will be and how they fit into the projected sustainable results.

Include a chart of key elements of the project and a time-line for their implementation, along with major project milestones. The time-line should include key activities, such as hiring additional staff, establishing a training center, and training WNIS farmers, agribusiness persons and others.

(Note: Applicants should re-read Section V of the guidelines for the Application Evaluation Criteria and make sure all of the criteria areas are covered somewhere in the body of the narrative).

7. AP II Project Impact

Identify **specific results to be produced in each year** of the AP II Development Contract and why these are important. Impacts will be tracked and reported, on a quarterly basis by the development contractor. Illustrative impact indicators include the following: amount of credit extended; numbers of farmers or food system entrepreneurs receiving training; numbers of farmers or food systems entrepreneurs receiving credit; net farm revenue increases; adoption of new, more efficient technology; value of agricultural or food commodity sales; increased numbers of private sector businesses; and, jobs created. Include similar information on the impact on small firms and private farms.

8. Viability and Sustainability of The Agribusiness Partnership and AP II Development Activities

Briefly outline why you believe your core project and additional development activities are viable and sustainable in a tough business environment. Then, briefly outline how you believe the projected total project will produce sustainable results for your local partners. Finally, indicate what plans you have in case difficulties are encountered that were not expected.

9. Environmental Impact

An assessment of the **environmental impacts** of the project. Describe the relationship between proposed AP II and core project activities with respect to environmental impact. Indicate any potential environmental benefits, hazards or concerns from project activities. Include a corporate environmental policy statement. Describe the applicant's environmental policy and practices, how these are applied to current business activities in the WNIS, and how they will be applied in implementing the proposed project.

J. Other Participants

Descriptions of **project partners**, both in the WNIS and in the US, emphasizing the unique qualifications of each potential partner, including their responsibilities in the project, quality and level of investment, other activities involved in, status of any partnership activities or agreements, and the advantages of the linkages being proposed. The direct impact of the project on developing the technical, managerial and agribusiness management capacities of the partners should be outlined.

K. Key Personnel

Biographical information on up to six key people who will be involved in the implementation of the proposed project activity.

Make sure in your application it is clear if these people are already employed, have agreed to be employed, will be full-time or part-time, where they will be located and what their specific duties and responsibilities will be.

NOTE: Applicants should again look at Sections I through VI for guidelines, information, and ideas which would be important and helpful in writing the formal application and making sure it is complete.

An applicant should check the following: (1) critical elements listed at the end of Section I; (2) principal agribusiness areas listed in Section II; (3) Application Criteria in Section III; (4) Application Preparation and Submission Guidelines in Section IV; (5) Application Evaluation Criteria in Section V; and (6) Application Evaluation and Approval Process in Section VI.

These sections will give applicants guidance on what should be included in the formal application under the appropriate section

of the Application from A through K. Citizens Network AP II staff in Ukraine, Moldova and Washington, D.C. will be available to answer any questions involving the application and review process.

ATTACHMENT 2: COST PROPOSAL OR BUDGET FORMAT

II. COST PROPOSAL/BUDGET

A. Headquarters and Field Reporting Procedures

Discuss the management information systems you will employ to ensure accountability for the use of US Government funds. Indicate familiarity, if any, with US Government and USAID reporting procedures. Describe program budgeting, financial and related program reporting procedures.

B. Program Budget Summaries (See Attached Formats)

C. Line Item Budget Detail (See Attached Format)

D. Budget Narrative (See sample format below)

E. Contractor Employee Biographical Data Sheet (See Attached Forms and Instructions)

Budget Narrative and Notes to Line Item Budget

Section F of the Technical Application (see page 2-3, above) should discuss the specifics of the Business Plan for implementation of the AP-II Development Contract activities. The business plan should relate information, in a narrative format, which is then presented in the line item budget in detail. Any further explanation of the costs of the activity to be funded under the Development Contract should be put into the Budget Notes which will accompany the budget, as suggested below.

For example, if the Development Contract will fund the partial costs of technical assistance and training, Section F of the Technical Application should have a budget narrative which indicates how much technical assistance (i.e. number of people, short and long term, and number of total person months), in what subject areas and so forth. Then, the Program Budget Summary table, and the Line Item Budget Detail should have the specifics on the per item costs of the technical assistance and training mentioned in the Technical Application.

Notes to the Line Item Budget should correspond to the detailed budget in Section C, above.

The notes to the line item budget should also include the following statements:

1. Financial management of the AP-II funded program will be undertaken in accordance with standard practices of CNFA and USAID, from which the funding is being made available, and will be independently audited on an annual basis.
2. The detailed budget attached reflects the projected costs of conducting the AP II Program for the operating period, and for the total life of the program.

If there are any assumptions made in constructing the budget, those should be noted. For example:

- X% annual inflation rate is projected after year one.
- 22 day work month.

Illustrative Line Item Budget Note Format:

1. Salaries: The total of \$*****representing XXX% of the total proposed program costs \$*****, covers all long-term and support staff excluding local hire WNIS support staff. The total includes the cost of long term expatriate staff in the WNIS in addition to program staff in the U.S.
 - 1.1 Long-term staff: Salaries are projected on an annualized basis, where each unit represents one person-year of effort.
 - A. USA staff will consist of _____, based in city XXX.
 - B. Field staff will consist of _____.
 - 1.2 Support Staff: Salaries are projected on an annual basis, where each unit represents one person-year of effort.
 - A. US Support staff consists of _____.
 - B. WNIS Support staff will consist of _____.
2. Fringe Benefits: The projected total of \$***** is equivalent to XXX% of the total proposed program cost. Fringe benefits equal XXX% of permanent home office salaries and overseas staff salaries. Benefits for WNIS local support staff are included in the XXX% social costs. Short term professional staff are not entitled to benefits.
3. Supplies & Equipment: the total of \$***** is equivalent to XXX% of the total grant request.

3.1 Equipment:

- A. Equipment: We anticipate purchasing \$***** worth of equipment which will be sourced in the US. This equipment consists of XXX.

The detailed description of this equipment, and the per item cost is as follows:

- B. Equipment: We anticipate purchasing \$***** worth of equipment which will be sourced from countries other than the US. This equipment consists of XXX.

The detailed description of this equipment, and the per item cost is as follows.

3.2 Office Supplies:

Costs are projected on a daily use rate, and prorated between Headquarters and the field office, and increases factored in with the projected rate of inflation.

3.3 Other:

- A. Cost estimates represents the purchase price of XXX manufactured by US companies, where each unit represents one XXX.

4. Travel and Per Diem: total cost of \$XXX represents XXX% of the total proposed program cost. This amount is comprised of international travel (\$XXX), host country travel (\$XXX), domestic travel (\$XXX) and per diem (\$XXX).

4.1 Travel:

- A. International air fares are projected on the basis of a round-trip, economy class ticket between Headquarters and Kiev by an American Carrier, where each unit represents one round-trip flight.

- B. Host Country Travel:

Fares are projected for air travel to be completed within the NIS, where each unit

- C. Other local travel: Costs are projected for local ground travel connecting with air travel.

4.2 Per Diem:

International:

Costs are projected on a daily basis, where one unit is equivalent to one day. The per

diem rate is based upon the current per diem of the locales to be visited as established by the U.S. Department of State.

5.1 Communications:

- A. Fax: Cost of transmission per page, where units equals the number of pages projected to be transmitted annually.
- B. Phone/Telex: Costs are projected on a daily basis between Headquarters and Kiev offices. E-mail will be utilized extensively.
- C. Postage: Costs include regular shipments of reports and evaluations and other project information.

5.2 Other:

- A. US Source (See Section 3.1A above)
- B. WNIS Source (See section 3.1B above)

Install Equation Editor and double-
click here to view equation.

1. Name Install Equation Editor and double-		2. Contractor's Name	
3. Employee's Address Install Equation Editor and double-		4. Contract Number	5. Position Under Contract
		6. Proposed Salary	7. Duration of Assignment
8. Telephone Number	10. Citizenship		
11. Names, Ages and Relationship of Dependents to Accompany Individual to Country of Assignment Install Equation Editor and double-			

12. EDUCATION				13. LANGUAGE PROFICIENCY		
NAME AND LOCATION OF INSTITUTION	MAJOR	DEGREE	DATE	Install Equation Editor and click here to view equation	Proficiency Speaking	Proficiency Reading
			Install E click her			

14. EMPLOYMENT HISTORY				
1. Give last three (3) years. List salaries separate for each year. Continue on separate sheet of paper if required to list all employment related to duties of proposed assignment. 2. Salary definition - basic periodic payment for services rendered. Exclude bonuses, profit-sharing arrangements, commissions, consultant fees, extra or overtime work payments, overseas differential, or quarters, cost of living or dependent education allowances.				
POSITION TITLE	EMPLOYER'S NAME AND ADDRESS POINT OF CONTACT & TELEPHONE #	Dates of Employment (M/D/Y)		Annual Salary
		From	To	Dollars

15. SPECIFIC CONSULTANT SERVICES					
SERVICES PERFORMED	EMPLOYER'S NAME AND ADDRESS POINT OF CONTACT & TELEPHONE #	Dates of Employment (M/D/Y)		Days at Rate	Daily Rate in Dollars
		From	To		

16. CERTIFICATION: To the best of my knowledge, the above facts as stated are true and correct.	
Signature of Employee	Date

17. CONTRACTOR'S CERTIFICATION	
Contractor certifies in submitting this form that it has taken reasonable steps (in accordance with sound business practices) to verify the information contained in this form. Contractor understands that USAID may rely on the accuracy of such information in negotiating and reimbursing personnel under this contract. The making of certifications that are false, fictitious, or fraudulent, or that are based on inadequately verified information, may result in appropriate remedial action by USAID, taking into consideration all of the pertinent facts and circumstances, ranging from refund claims to criminal prosecution.	
Signature of Contractor's Representative	Date

ATTACHMENT 3: APPLICANT INFORMATION FORM

Applicants who enter into APII Development Contracts with CNFA are required to complete this form which provides CNFA with critical information regarding the Applicant's organization. Once completed, please return to Jack W. Swartwood, Director, Operations and Compliance.

_____ (hereinafter "Applicant")
(Name of Applicant)

AUTHORIZED INDIVIDUALS

The Applicant represents that the following persons are authorized to negotiate on its behalf with the CNFA and to bind the Applicant in connection with this application:

<u>Name</u>	<u>Title</u>	<u>Address</u>	<u>Telephone No.</u>	<u>Facsimile No.</u>
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1. _____
2. _____
3. _____

TAXPAYER IDENTIFICATION NUMBER (TIN)

If the Applicant is a U.S. organization, or a foreign organization which has income effectively connected with the conduct of activities in the U.S., or has an office or a place of business or a fiscal paying agent in the U.S., please indicate the Applicant's TIN: _____

CONTRACTOR ESTABLISHMENT CODE (CEC) NUMBER

The CEC is a 9 character alphanumeric code (with the first eight characters being numerical and the ninth character a letter) assigned to an applicant that has business with a Federal executive agency. The CEC system is a contractor identification coding system which is different from the Dun and Bradstreet Data Universal Numbering System (DUNS) number and distinct from the Federal Taxpayer Identification Number.

Please indicate the Applicant's CEC, if one exists: _____

TYPE OF ORGANIZATION

The Applicant, by checking the applicable box, represents that:

(a) If the Applicant is a U.S. entity, it operates as ☐ a corporation incorporated under the laws of the State of _____, ☐ an individual, ☐ a partnership, ☐ a non governmental nonprofit organization, ☐ a state or local organization, ☐ a private college or university, ☐ a public college or university, ☐ an international organization, or ☐ a joint venture; or

(b) If the Applicant is a U.S. entity, it ☐ is, ☐ is not a Gray Amendment entity, and if the Applicant is a Gray Amendment Entity, it is ☐ a business concerns (as defined in 48 CFR 19.001) owned and controlled by

socially and economically disadvantage individuals (as defined in 48 CFR 726.101), [] an institution designated by the Secretary of Education, pursuant to 34 CFR 608.2, as a historically black college or university (HBCU), [] a college or university having a student body in which 40% of the students are Hispanic American, or [] a private voluntary organization which is controlled by individuals who are socially and economically disadvantaged (as defined in 48 CFR 726.101).

(c) If the Applicant is a non-U.S. entity, it operates as [] a corporation organized under the laws of _____ (country), [] an individual, [] a partnership, [] a non governmental nonprofit organization, [] a non governmental educational institution, [] a governmental organization, [] an international organization, or [] a joint venture.

AGREEMENT ON CONTRACT TERMS AND CONDITIONS

The Applicant certifies that it has review and is familiar with the proposed development contract format and the standard provisions applicable thereto, and that it agrees to comply with all such terms and conditions, except as noted below (use a continuation page as necessary):

Date of Application/Proposal: _____

Name of Applicant: _____

Address: _____

Telephone, Fax, Email: _____

Signature _____ Date _____

(Name and Title)

STATUTORY AND REGULATORY REQUIREMENT CERTIFICATIONS, ASSURANCES, AND OTHER STATEMENTS OF APPLICANT

All U.S. organizations or institutions which are recipients of AID assistance are subject to U.S. federal laws and AID regulations. Non-U.S. organizations or institutions are subject to these requirements if any part of the program supported by an AID grant or cooperative agreement will be undertaken in the United States. Applicants who enter into APII Development Contracts with CNFA are required to certify that they will adhere to certain laws and regulations as a condition of the grant. Assurances which are required are described below.

Nondiscrimination in Federally Assisted Programs

The Applicant is prohibited from discrimination on the basis of race, color, national origin, disability, age, sex in the delivery of services and benefits supported with Federal funds. Applicants must certify as such through the "*Assurance of Compliance with Laws and Regulations Governing Nondiscrimination in Federally Assisted Programs*". CNFA will obtain one copy of the Assurance signed by the Development Contract Applicant PRIOR to the signature of a subcontract.

Drug Free Workplace Requirements: The Applicant must execute the "*Certification Regarding Drug-Free Workplace Requirements*" that certifies that, as a condition of the grant, it will provide a drug-free workplace. Condition of a drug-free workplace is defined in the named certification.

Suspension, Debarment, and Other Responsibility Matters: AID or its representative will not award assistance to Applicants that are debarred or suspended, or are otherwise excluded from, or ineligible for participation in Federal assistance programs under Executive Order 12549. Applicants must certify to their eligibility through the following "*Certification Regarding Debarment, Suspension, and Other Responsibility Matters*".

Restrictions on Lobbying: In accordance with the Department of the Interior and Related Agencies Appropriations Act for FY 1990, there is a limitation on use of appropriated funds to influence certain Federal contracting and financial transactions. AID has implemented the Government-wide common rule which requires a certification and disclosure of AID assistance funds used for this purpose. Applicants will complete the "*Certification Regarding Lobbying*" and disclose AID assistance funds used for lobbying, as mandated therein.

Conflict of Interest: Applicants must attest that no conflict of interest exist, namely a situation, relationship or interest of the Applicant or one of its employees, officers, directors or representatives which is contrary or in competition to those of CNFA or USAID or involve a financial relationship, current or potential, with CNFA or USAID.

Due Diligence to Foreign Corrupt Practices Act: The Foreign Corrupt Practices Act (FCPA) prohibits payments, either directly or through a third party, to any person while knowing that all or a portion of such money or thing of value will be offered to a foreign official, to any foreign political party or official thereof, or to any candidate for foreign political use for a prohibited purpose. Applicants must certify to an awareness of and compliance with the Foreign Corrupt Practices Act (FCPA).

A copy of these required certifications are available at CNFA field offices or

headquarters.

Applicants will complete the attached form and certify to their compliance.

_____ (hereinafter called the "Applicant")
(Name of Applicant)

**ASSURANCE OF COMPLIANCE WITH LAWS AND REGULATIONS GOVERNING
NONDISCRIMINATION IN FEDERALLY ASSISTED PROGRAMS**

The Applicant hereby assures that no person in the United States shall, on the bases set forth below, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under, any program of activity receiving financial assistance from AID, and that with respect to the grant for which application is being made, it will comply with the requirements of:

- (1) Title VI of the Civil Rights Act of 1964 (Pub. L. 88-352, 42 U.S.C. 2000-d) which prohibits discrimination on the basis of race, color or national origin, in programs and activities receiving Federal financial assistance,
- (2) Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), which prohibits discrimination on the basis of handicap or disability in programs and activities receiving Federal financial assistance,
- (3) The Age Discrimination Act of 1975, as amended (Pub. L. 95-478), which prohibits discrimination based on age in the delivery of services and benefits supported with Federal funds,
- (4) Title IX of the Education Amendments of 1972 (20 U.S.C. 1681, et. Seq.) which prohibits discrimination on the basis of sex in education programs and activities receiving Federal financial assistance (whether or not the programs or activities are offered or sponsored by an educational institution); and
- (5) AID regulations implementing the above nondiscrimination laws, set forth in Chapter II of Title 22 of the Code of Federal Regulations.

This assurance is given in consideration of and for the purpose of obtaining any and all Federal grants, loans, contracts, property, discounts or other Federal financial assistance extended after the date hereof to the Applicant, including installment payments after such date on account of applications for Federal financial assistance which were approved before such date. The Applicant recognizes and agrees that such Federal financial assistance will be extended in reliance on the representations and agreements made in this Assurance, and that the United States shall have the right to seek judicial enforcement of this Assurance.

This Assurance is binding on the Applicant, its successors, transferees, and assignees, and the person or persons whose signatures appear below are authorized to sign this Assurance on behalf of the Applicant.

CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS

The certification set out below is a material representation of fact upon which reliance was placed when the agency determined to award the grant. If it is later determined that the grantee knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, in addition to any other remedies available to the Federal Government, action may be taken as authorized under the Drug-Free Workplace Act.

The Applicant certifies that it will provide a drug-free workplace by:

- (a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
- (b) Establishing a drug-free awareness program to inform employees about--
 - (1) The dangers of drug abuse in the workplace;

- (2) The grantee's policy of maintaining a drug-free workplace;
- (3) Any available drug counseling, rehabilitation, and employee assistance programs; and
- (4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
- (c) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);
- (d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will--
 - (1) Abide by the terms of the statement; and
 - (2) Notify the employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five days after such conviction;
- (e) Notifying the agency within ten days after receiving notice under subparagraph (d)(2) from an employee or otherwise receiving actual notice of such conviction;
- (f) Taking one of the following actions, within 30 days of receiving notice under subparagraph (d)(2), with respect to any employee who is so convicted--
 - (1) Taking appropriate personnel action against such an employee, up to and including termination; or
 - (2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
- (g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e), and (f).

The grantee shall insert in the space provided below the site(s) for the performance of work done in connection with the specific grant:

PLACE OF PERFORMANCE (Street address, city, county, state, zip code)

CERTIFICATION REGARDING DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS

Certification Regarding Debarment, Suspension, and Other Responsibility Matters -- Primary Covered Transactions

The certification in this clause is a material representation of fact upon which reliance was placed when the department or agency determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default. The prospective primary participant shall provide immediate written notice to the department or agency to whom this proposal is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

The terms "covered transaction," "debarred," "suspended," "ineligible," "lower tier-covered transaction," "participant," "person," "primary-covered transaction," "principal," "proposal," and "voluntarily excluded," as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules of Executive Order 12549. You may contact the department or agency to which this proposal is being submitted for assistance in obtaining a copy of those regulations.

The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:

- (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
- (b) Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting

to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

(c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and

(d) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.

Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

The prospective primary participant agrees by submitting this proposal that, should the proposed-covered transaction be entered into, it shall not knowingly enter into any lower tier-covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction.

The prospective primary participant further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion--Lower Tier Covered Transaction," provided by the department or agency entering into this covered transaction, without modification, in all lower tier-covered transactions and in all solicitations for lower tier covered transactions.

A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier-covered transaction that it is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to check the non procurement List.

Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier-covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion--Lower Tier Covered Transactions

Instructions for Certification

1. By signing and submitting this proposal, the prospective lower tier participant is providing the certification set out below.

2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

3. The prospective lower tier participant shall provide immediate written notice to the person to whom this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

4. The terms "covered transaction," "debarred," "suspended," "ineligible," "lower tier-covered transaction," "participant," "person," "primary-covered transaction," "principal," "proposal," and "voluntarily excluded," as used in this clause, have the meanings set out in the Definitions and Coverage sections of rules implementing Executive Order 12549. You may contact the person to whom this proposal is submitted for assistance in obtaining a copy of those

regulations.

5. The prospective lower tier participant agrees by submitting this proposal that, should the proposed-covered transaction be entered into, it shall not knowingly enter into any lower tier-covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.

6. The prospective lower tier participant further agrees by submitting this proposal that it will include this clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion--Lower Tier Covered Transaction," without modification, in all lower tier-covered transactions and in all solicitations for lower tier covered transactions.

7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier-covered transaction that it is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the Non-procurement List.

8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

9. Except for transactions authorized under paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier-covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion--Lower Tier Covered Transactions

(1) The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.

(2) Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

CERTIFICATION REGARDING LOBBYING

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal Appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal Loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any contract, grant, loan, or cooperative agreement.

(2) If any funds other than government appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, Disclosure of Lobbying Activities in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into transaction imposed by section 1352, title 32, United States Code. Any person who fails to file the required certification shall be subject to a civil

penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

STATEMENT ON ORGANIZATIONAL CONFLICT OF INTEREST AND APPEARANCE OF IMPROPRIETY

The undersigned certifies that the Applicant or one of its employees, officers, directors or representatives will avoid situations in which:

- 1) its organizational interest or interest of its personnel may conflict with that of CNFA or USAID
- 2) give the appearance of impropriety, such as situations, relationships or interests of the Applicant which may be contrary or in competition to those of CNFA or USAID
- 3) involve a financial incentive or relationship, current or potential, direct or indirect, with CNFA or USAID
- 4) the Applicant acts or behaves in a manner inconsistent with the objectives and interests of CNFA and USAID

"Conflict of Interest" will generally mean a situation, relationship or interest where the incentive, actual or potential, direct or indirect, financial or otherwise, to act or behave in a manner inconsistent with the objectives and interests of CNFA or USAID is more than insignificant. "Appearance of impropriety" will generally mean a situation, relationship or interest, irrespective of value or degree, which, to an objective observer, could or would reasonably create an impression that a conflict or a level of influence or involvement exists, which impression is contrary or detrimental to the objectives and interests of CNFA. The foregoing definitions are intended as guidelines by which matters are to be evaluated. Each relationship and interest must be examined in context on its own merits.

CERTIFICATION OF COMPLIANCE BY EMPLOYEES, AGENTS AND REPRESENTATIVES TO THE FOREIGN CORRUPT PRACTICES ACT

The undersigned certifies that the Applicant or one of its employees, officers, directors or representatives will ensure continuing awareness of and compliance with the terms of the Foreign Corrupt Practices Act (FCPA). The Foreign Corrupt Practices Act (FCPA) prohibits payments, either directly or through a third party, to any person while knowing that all or a portion of such money or thing of value will be offered to a foreign official, to any foreign political party or official thereof, or to any candidate for foreign political use for a prohibited purpose. Applicants must certify to an awareness of and compliance with the Foreign Corrupt Practices Act (FCPA) which includes:

- 1) The Applicant represents and warrants that none of its principals or staff are officials or representatives of the government of the country in which the transaction is to take place, or immediate family member of such officials, and that no payments to the Applicant will be transferred to government officials, political parties, or political candidates.
- 2) The Applicant declares that its choice of agents is conditioned upon various factors (such as the reputation of the agent) leading the company to believe that the FCPA will not be violated.
- 3) The Applicant acknowledges understanding of and agreement to comply with the terms of the FCPA and other applicable laws and the company's written compliance procedures.

During the course of CNFA/AID and the Applicant's relationship, the Applicant will be alert for signs of potential FCPA violations. Management staff may be in the best position to know what an agent or representative is doing and to monitor agent's or representative's FCPA compliance. Applicant employees responsible for paying the agent or representative may also become aware of unusual circumstances that may indicate an FCPA problem. Such circumstances or red flags include:

- 1) Requests for commission payments in a third country;
- 2) Requests for payments to a third party rather than the agent;
- 3) Requests for payment in cash;
- 4) Requests for unusually large commissions or other payments;
- 5) Requests for reimbursement of expenses that are poorly documented;
- 6) Payments drawn from an incorrect account;
- 7) Information indicating that the agent or representative may have failed to make full and accurate disclosure during the

due diligence process.

Financial departmental personnel should regularly review agent and representative records for red flags. Payments to agents or representatives should be made in accordance with the terms of the controlling contract. Any variation from the contractual terms should be made only with the approval of a senior company executive with responsibility for FCPA compliance, and only after inquiry into the reasons for the requested variation. Many U.S. companies refuse to pay commissions to third parties or to accounts in third countries to avoid potential problems. Some countries suffer from more corruption than others, and a proportionate increase in caution is essential in such countries.

For certification, the Applicant represents and warrants:

- 1) The Applicant or agent thereof understands the FCPA;
- 2) The Applicant or agent thereof has not nor will not violate or cause the company to violate the FCPA
- 3) The Applicant or agent thereof does not know or have reason to believe that any agent or other person retained by the company has violated the FCPA in connection with the company's business or caused the company to violate the FCPA
- 4) The Applicant or agent thereof will immediately advise a named official of the company if he or she should learn of or have reason to believe there has been any violation of the FCPA in connection with the company's business.

CERTIFICATION

The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective participant shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in an application.

(Applicant)

BY (Signature)

TITLE

TYPED NAME

DATE